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The President's Daily Brief

October 16, 1974

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FOR THE PRESIDENT ONLY

October 16, 1974

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USSR-EGYPT

Yesterday's announcement that General Secretary Brezhnev will visit Cairo in January is a substantial Soviet step toward improving relations with Egypt. It has not been accompanied, however, by any sign that a breakthrough has been achieved in resolving the problems that have weakened Soviet-Egyptian ties over the past two years.

The agreement to hold a summit meeting was announced after Foreign Minister Fahmi's first full day of talks in Moscow. Fahmi brought with him a personal letter from Sadat to Brezhnev that may have contained some commitment intended to ease the way for a visit by the Soviet leader. Until now, Brezhnev has resisted going to Cairo; he has been chary of directly involving his prestige in Moscow's troubled dealings with the Egyptians.

Brezhnev may now believe that a personal meeting can smooth over some of the disagreements between the two countries. Last Friday he said publicly that contacts with Arab leaders are "especially necessary and useful."

The wording of the announcement of the visit, however, implies that neither side has made any basic concession on divisive issues. It said that Brezhnev and Fahmi had "defined" issues that "could underlie future accords." This suggests that Moscow still expects tough bargaining with Fahmi over the next few days.

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EUROPEAN SECURITY CONFERENCE

After blocking all movement for more than a month at the European security conference in Geneva, the Soviets have begun to appear more flexible.

Ambassador Mendelevich, the chief Soviet delegate, returned from Moscow to Geneva on Monday. He told a member of the US delegation that he had been instructed to wind up the conference "even sooner than possible."

Last week saw the first substantive progress of this negotiating round and other signs of Soviet willingness to cooperate. A text concerning measures to broaden the dissemination of foreign newspapers and magazines in both Eastern and Western Europe won subcommittee approval. This is one of the most controversial issues connected with efforts to promote freer movement of people and ideas. Soviet representatives have been participating in bilateral discussions designed to narrow the many remaining differences on freer movement.

Moscow has long wanted a speedy conclusion to the security conference but--at least until now--has been unwilling to make significant concessions. It is still too early to expect rapid progress in Geneva, but increased flexibility on the part of the Soviets could permit the conference to make substantial progress.

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PORTUGAL

President Costa Gomes' fortunes seem on the rise as he leaves Lisbon today for the US.

Last week the government followed through on Costa Gomes' pledge that he would deal with the left-ist bias of the Portuguese news media. Centrists and Socialists met in Lisbon to protest Communist Party control over a television station. They were successful in persuading Prime Minister Goncalves to prevent the telecast of Communist chief Cunhal's press conference from receiving special treatment.

Costa Gomes can also take some satisfaction from the fact that the conservatives had to abandon any plans they may have had to convert the religious celebration at Fatima on Sunday into a rightist rally. The rightists apparently concluded that they could not mobilize the necessary support and, in these circumstances, were reluctant to give the left a chance to move against them.

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MEXICO

President Echeverria is said to be very upset by US press reports of large oil discoveries near the Gulf of Mexico, and the subsequent public debate over national oil policy. The size of the discovery was being closely held for domestic political reasons, probably because no decisions have yet been reached on the level of production and exports.

Two Mexican officials indicated in a press conference last night that Mexico would sell its oil at prices set by the Organization of Petroleum Exporting Countries and would seek to join OPEC as an observer. These remarks could signal a change in the government's oil export policy, but President Echeverria may also have instructed the officials to hint at aligning Mexico with OPEC in order to deflect criticism of alleged US attempts to influence Mexico's oil policy.

One of the officials who spoke, Horacio Flores de la Pena, is a leftist and an extreme economic nationalist, who has been the chief advocate of "anti-colonialism" in Mexico's economic and foreign policies. [REDACTED]

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Officials of the government petroleum monopoly have indicated their belief that Mexico should go slowly on exports. Powerful leaders of Mexico's ruling party are pressing to limit oil sales to the minimum required to earn essential foreign exchange and cover domestic petroleum needs.

With a maximum development effort, total exports could reach 1.2 million barrels a day in about three years; under a "Mexico-first" policy, exports might not exceed 500,000 barrels a day. [REDACTED]

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If Mexican leaders become convinced that a rapid increase in output would contribute to a solution of the country's pressing problems without seriously jeopardizing future domestic supplies, they can be expected to push ahead rapidly with development. The Mexicans have clearly and repeatedly expressed a desire to export refined rather than crude products.

FOR THE PRESIDENT ONLY**SOUTH KOREA**

Clashes between students and riot-police have spread to a number of provincial universities; disturbances continue in Seoul at a reduced level.

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[REDACTED]

[REDACTED] The stu-

dents--like other opponents of President Pak-- [REDACTED]

[REDACTED] consider

the present a good time to try to wrest concessions from the government. They apparently believe that Pak will be reluctant to move forcefully to suppress them [REDACTED]

[REDACTED]

[REDACTED]

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So far, Pak is exercising restraint in dealing with the disorder, and only a few arrests have been reported. At least six universities have been closed down temporarily, however, and the administrators of other schools have been warned that they must keep order or lose their jobs.

Yesterday, the major opposition party endorsed student demands for the release of jailed comrades and a return to democratic rule. The government remains unwilling to accommodate basic opposition demands; it is taking additional measures to prevent the disturbances from getting out of hand.

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CYPRUS

Turkish Cypriot Vice President Denktash told UN special representatives Weckmann on October 11 that unless the Turkish government stopped undercutting his position, he could not continue negotiations with Acting President Clerides.

Denktash is embittered by Ankara's appointment of individuals to his administration who are his political enemies and are completely subservient to Ankara. The US embassy believes Denktash's complaint reflects a realization that he is close to losing to Ankara what little authority he still has within the Turkish Cypriot community.

Denktash stated that Ankara is pressuring him to back down on some agreements already reached with Clerides, and said that "as a Cypriot," he was appalled at the "inhuman treatment" accorded Greek Cypriots by the Turkish army. Denktash said he could not accept such a situation and still face Clerides.

The two community leaders met on Monday, however, and it was later announced that the exchange of prisoners would resume on October 18. Denktash and Clerides will meet again on the same day.

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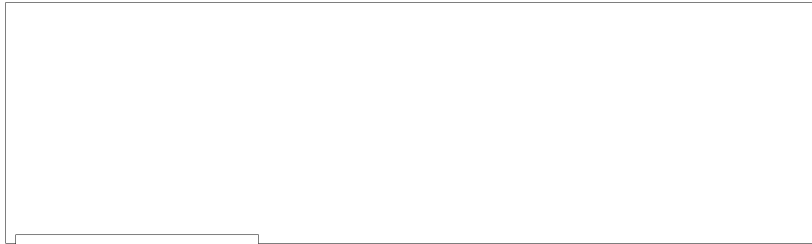
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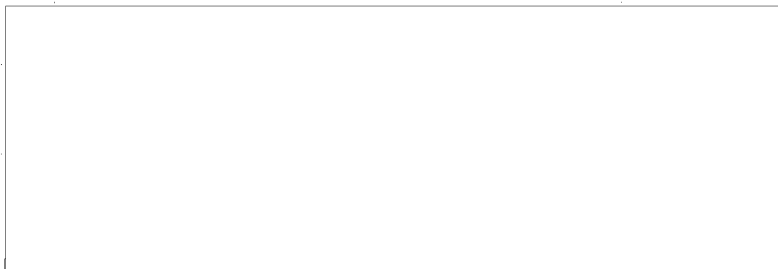
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NOTES

Argentina: Security forces are bracing for a new wave of violence on Thursday, when thousands of the late president Juan Peron's followers converge on downtown Buenos Aires to mark the anniversary of Peron's first bid for power in 1945. The extremist Montonero guerrillas, who recently broke with the government and began a campaign of terrorism, are said to be planning attacks to disrupt the observance. Likely targets are foreign and local businesses and Argentine military officers.

European Communism: Delegates convene in Warsaw today for a three-day meeting to make plans for a European conference of Communist parties to be held late this year or early next. The Yugoslavs are attending, thus ending their boycott of such gatherings, where they often have come under fire. They will join the Romanians and some West Europeans in opposing any attacks against the Chinese. The preliminary meeting will try to draw up an agenda for the formal conference, which probably will focus on European security, economic integration, and cooperation.

USSR: General Secretary Brezhnev, speaking at a dinner last night for Treasury Secretary Simon, termed as "utterly irrelevant and unacceptable" any attempt to tie the most-favored-nation issue to any matter "lying fully within the domestic competence" of the USSR. It is high time, he added, that there be a "clear understanding" of Moscow's views on such an attempted linkage. This language represents the party chief's most explicit public comments on the relationship between Soviet Jewish emigration and the trade bill. Brezhnev emphasized that the USSR could "do without" further economic ties with the US if "negative factors" are not eliminated.

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